



FEDERAL ELECTION COMMISSION  
WASHINGTON, D C 20463

MAR 22 2004

Mr. Gerald Zuehlke  
Vice President, Finance  
Potlatch Corporation  
601 West Riverside Ave., Suite 1100  
Spokane, Washington 99201

RE: MUR 5428  
Potlatch Corporation

Dear Mr. Zuehlke:

On March 9, 2004, the Federal Election Commission found that there is reason to believe that the Potlatch Corporation violated 2 U.S.C. § 441b, a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such materials to the General Counsel's Office within 15 days of your receipt of this letter. Where appropriate, statements should be submitted under oath. In the absence of additional information, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation.

In order to expedite the resolution of this matter, the Commission has also decided to offer to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe. Enclosed is a conciliation agreement that the Commission has approved.

If you are interested in expediting the resolution of this matter by pursuing preprobable cause conciliation, and if you agree with the provisions of the enclosed agreement, please sign and return the agreement, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of 30 days, you should respond to this notification as soon as possible.

Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such

25044112035

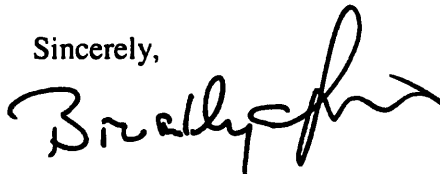
Mr. Gerald Zuehlke  
MUR 5428  
Page 2

counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Dawn M. Odrowski, the attorney assigned to this matter, at (202) 694-1650.

Sincerely,



Bradley A. Smith  
Chairman

Enclosures  
Factual and Legal Analysis  
Procedures  
Designation of Counsel Form  
Conciliation Agreement

cc: CT Corporation System, Registered Agent  
520 Pike Street  
Seattle, WA 98101

25044112036

**FEDERAL ELECTION COMMISSION  
FACTUAL AND LEGAL ANALYSIS**

**RESPONDENT:** Potlatch Corporation

**MUR:** 5428

This matter was initiated by the Federal Election Commission ("the Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities.

The Federal Election Campaign Act of 1971, as amended ("the Act"), prohibits a corporation from making any contribution or expenditure, directly or indirectly, in connection with any Federal election. 2 U.S.C. § 441b(a). The term "contribution or expenditure" includes "direct or indirect payment, distribution, loan, advance, deposit or gift of money, or any services or anything of value . . . to any candidate or political committee, or political party or organization in connection with any" Federal election. 2 U.S.C. § 441b(b)(2). The term does not include the establishment, administration and solicitation of contributions to a separate segregated fund. 2 U.S.C. § 441b(b)(2)(C). A separate segregated fund is a political committee under the Act and may solicit funds with which to make contributions in accordance with the Act. *See* 2 U.S.C. §§ 431(4)(B), 441b(b) and 441a(a).

Potlatch Corporation ("Potlatch") is a corporation organized under the laws of Delaware. It is also registered to transact business in Arkansas and Idaho. Potlatch established and administers a separate segregated fund, Potlatch Employees' Political Fund ("the Political Fund").

On or about March 22, 2000, Potlatch made a \$5,000 contribution to the Republican Party of Arkansas ("the RPA"). Attachment. The RPA is registered with the Commission as the Republican state party committee in Arkansas and maintains federal and non-federal accounts.

25044112037

Potlatch's contribution was made with a check apparently drawn on a corporate account rather than on the Political Fund. The RPA deposited Potlatch's check into a federal account.

Accordingly, there is reason to believe that Potlatch Corporation made a prohibited corporate contribution to the RPA in violation of 2 U.S.C. § 441b.

25044112038

25044112039

THE FACE OF THIS CHECK IS PRINTED BLUE - THE BACK CONTAINS A SIMULATED WATERMARK

**Pottlatch**

P.O. BOX 1348  
LEWISTON, ID 83501  
(208) 799-1344

NORWEST BANK OHIO, N. A.  
VAN WERT, OH 45601

Check No.

162008

86 382  
412

Check Date

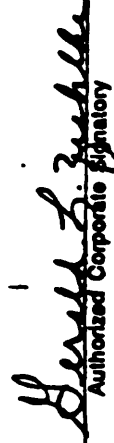
03/22/00

Check Amount

\*\*\*\*\*86,000.00

Pay Five thousand and 00/100 Dollars

To  
The  
Order  
of  
REPUBLICAN PARTY OF ARKANSAS  
1201 W 6TH ST  
LITTLE ROCK AR 72201

  
Authorized Corporate Signatory

